



State of Arizona  
Department of Education

**Tom Horne**  
Superintendent of  
Public Instruction

CACFP CN# 006-09

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**MEMORANDUM**

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**TO:** Child and Adult Care Food Program Family Daycare Home Sponsors

**FROM:** Mary Szafranski, Deputy Associate Superintendent  
Arizona Department of Education, Health and Nutrition Services

Melissa Conner, Director  
Child and Adult Care Food Program

*Original Signed*

**DATE:** March 20, 2009

**SUBJECT:** Value of Assistance

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The Department of Education has researched 7 CFR 226.25(c), Value of Assistance, to determine if it applies to the “for compensation” issue. Below is the information provided by USDA in 2005.

“The ‘Value of Assistance’ provision at section 226.25(c) refers to the value of CACFP benefits that flow to our participants (i.e., the children and adult participants who receive the meals, not the child care providers or child/adult day care centers which provide the meals). The provision means that CACFP benefits cannot be counted as income or resources to participants by any other Federal or State laws, such as for taxation purposes or for determining a participant’s eligibility for other assistance programs. Thus, for example, a State could not tax the value of CACFP meals received by a taxpayer’s child who is receiving care from a CACFP provider. The provision does not refer to the value of reimbursement a CACFP facility or institution receives for providing program meals.”

Here is the most recent Value of Assistance information provided by USDA during March 2009 in an email to a sponsor:

“The Child and Adult Care Food Program regulations at section 226.25(c) talk about the ‘Value of Assistance,’ specifically; this section refers to the value of CACFP benefits that flow to program participants (i.e., the children and adult participants who receive the meals, not the child care providers or child/adult day care centers which provide the meals). The provision means that CACFP benefits cannot be counted as income or resources to program participants by any other Federal or State laws, such as for taxation purposes or for determining a participant’s eligibility for other assistance programs. Thus, for example, a State could not tax the value of CACFP meals received by a taxpayer’s child who is receiving care from a CACFP provider. The provision does not refer to the value of reimbursement a CACFP facility or institution receives for providing program meals, which could be more or less than actual food expenditures since USDA does not reimburse on actual expenses.”

In short, CACFP meal benefits received by the participant (child) are not taxable by the State. The CACFP meal benefits received by the child cannot be considered as income if the child’s family has applied for assistance such as WIC, Food Stamps, TANF, etc.

As indicated in the 2005 direction and current direction, 7 CFR 226.25(c), addressing value of assistance does not apply to child care providers (facilities) or sponsoring organizations. Child care providers are Program operators, not Program participants. The above Regulation is not applicable to a child care provider and the CACFP payment the provider may receive.

Feel free to review CACFP memo CN# 003-08 AA Home Transition Update for the information cited below:

“Please remember that DHS has a rule that assigns CACFP reimbursement as compensation. DHS indicated that CACFP reimbursement is not viewed as compensation with regards to providers’ own children. If back-up providers’ children are claimed for meals, this is considered compensation.

#### Providers

- who currently care for four children for compensation and one or two children not for compensation;
  - who receive reimbursement for CACFP meals provided; and
  - the “not for compensation children” are not the providers own
- are providing unlawful childcare according to DHS rule and need to obtain a DHS small group home license. DHS has the authority to investigate and seek lawful remedies against providers of unlawful child care.”

Continue to inform all participating CACFP homes that claiming meals for “not for compensation” children will change the status of these children (who are not the provider’s own) to “for compensation”.

Please contact your specialist if you have additional questions.